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FY2019 BUDGET PRESENTATION

Dr. Wendy Long

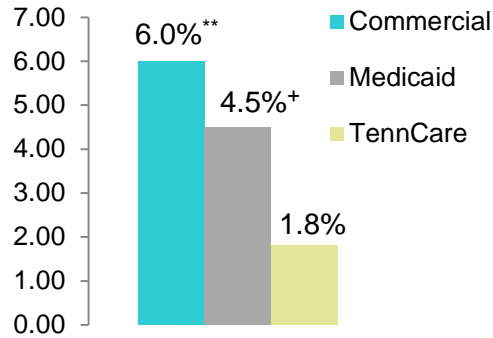
Gabe Roberts

Will Cromer

William Aaron

TennCare Sustainability – Managing Trend

TennCare Medical Trend 2017



** PwC Health Research Institute
 * The Henry J. Kaiser Family Foundation

If TennCare's medical trends were **1% higher in FY19**, the additional cost in state dollars would be:

\$24.1 M

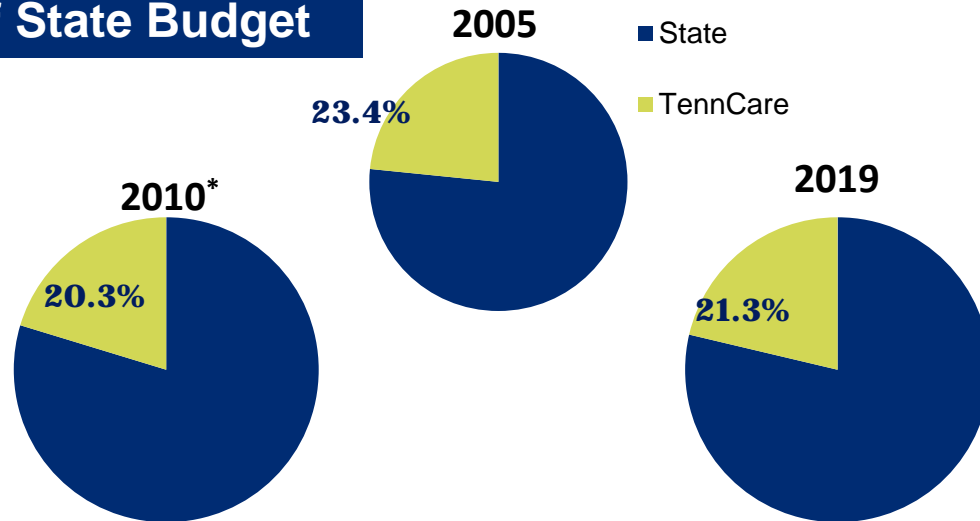
At the national **average Medicaid trend of 4.5%**, the additional state cost in FY19 would be:

\$57.2 M

If TennCare's medical trends were **1% higher each year since 2012** the additional state cost would be:

\$890.1 M

Percent of State Budget



• So as not to under-report TennCare Appropriations, 2009, 2010 & 2011 were increased to account for ARRA. The increases for these years were taken from the 2011 Governor's Recommended Budget.



Tennessee Cost Containment and Quality Improvement Strategies

Managed Care

- Tennessee is a leading managed care state
- Nationally, states have moved from 56% of Medicaid beneficiaries in managed care in 2000 to 79.8% managed care in 2017
- Strategies include negotiated rates, network optimization, insurer care coordination, and prior authorization

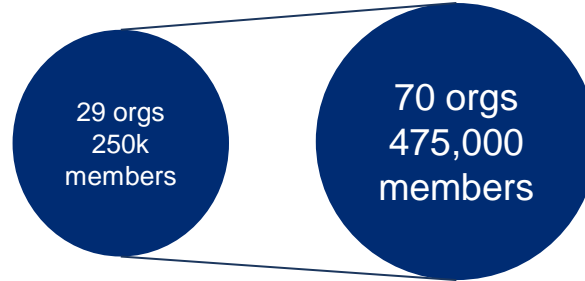
Value-based Payment

- In recent years, TennCare, Benefits Administration, and Tennessee commercial insurers have increased their value-based payment strategies. Tennessee is now a leader in value-based payment as well.
- Nationally, 21% of commercial payments put providers at some financial risk as of 2014.

TennCare Priorities – Payment Reform

Patient-Centered Medical Homes

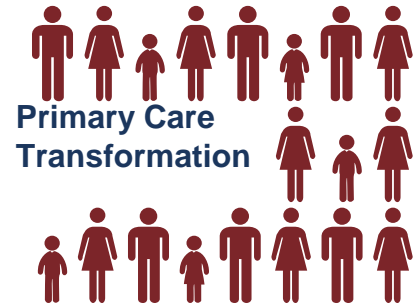
CY 2017 → CY 2018



Admission, Discharge & Transfer (ADT) alerts from 61% of hospitals and 66% of hospital beds.

Tennessee Health Link

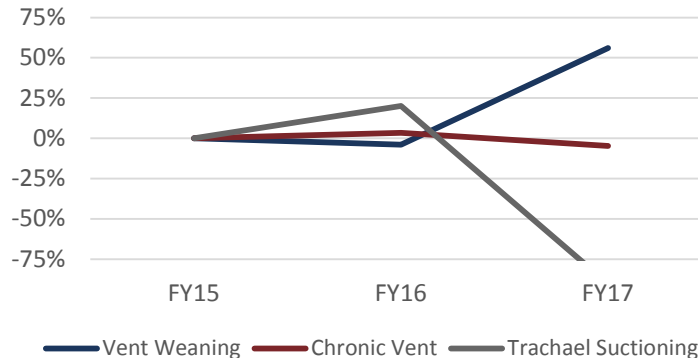
- Serving 64,000 members with significant mental health needs



- 18 episodes will be in a preview period in 2018
- 29 episodes will be in a performance period in 2018

- \$14.5 million estimated savings in most recent results (CY 2016) while quality was maintained or improved

Enhanced Respiratory Care



Number of Ventilator Weans:
 2015 – 2016 : 132
 2016 – 2017 : 150



Budget Reductions for Payment Reform

FY 15	FY 16	FY 17	FY 18	FY 19
\$1.5M	\$11.5M	\$21.5M	\$35M	\$42M

Episodes Progress

CY 14	CY 15	CY 16	CY 17	CY 18	CY 19
8 episodes designed	20 episodes designed	34 episodes designed	53 episodes designed	64 episodes designed	75 episodes designed
3 episodes reporting	8 episodes reporting	20 episodes reporting	29 episodes reporting	48 episodes reporting	At least 59 episodes reporting
	3 episodes in a performance period	8 episodes in a performance period	19 episodes in a performance period	29 episodes in a performance period	At least 48 episodes in a performance period
	\$10.8M in estimated savings	\$14.5M in estimated savings			



TennCare Priorities- Eligibility System Implementation

Applicant Perspective

- Applicants will be able to establish an **online account** in TEDS allowing them to receive notices and monitor eligibility in **real-time**.
- **Mobile app** for smart phones will allow applicants to log into their account and provide needed information more efficiently.



Member Perspective

- Members will also be able to **establish online accounts** in TEDS.
- TEDS will allow members to complete the annual redetermination process more seamlessly.
- **Less reliance** on postal service for sending and receiving notices or requested information.

TennCare Perspective

- TEDS will make the process **more efficient** and **customer-oriented**.
- Less reliance on manual processes and old systems.
- Online applications will come **directly to the state** – not the federal government.



Username
SamanthaSmith

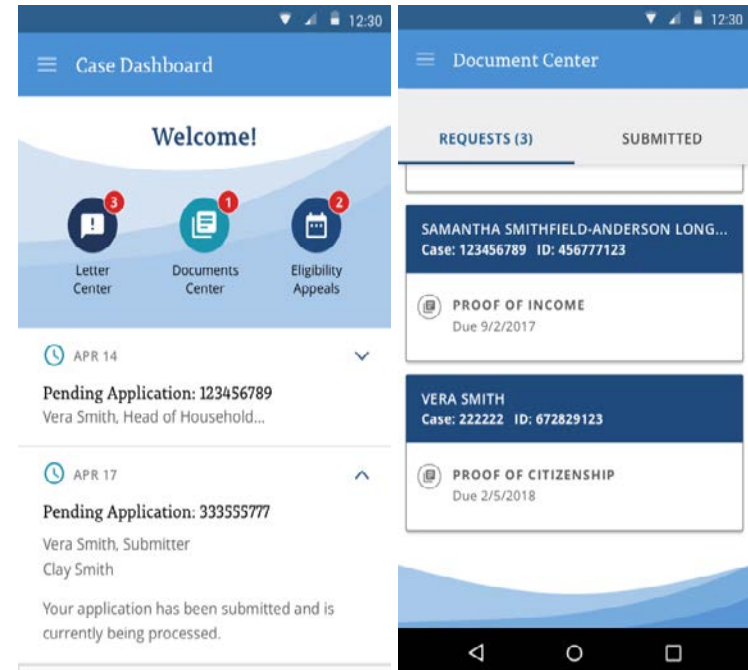
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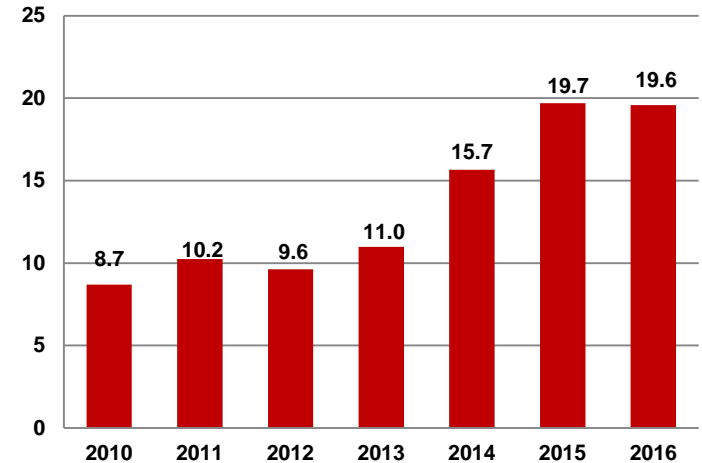
TN

TennCare Priorities – Opioid Strategy

TennCare has been actively engaged in fighting the opioid epidemic

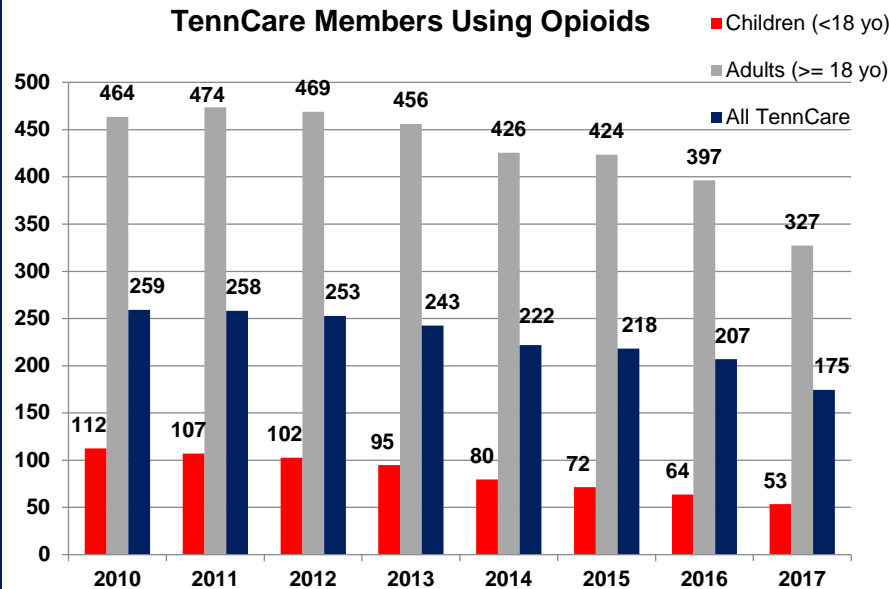
- Pharmacy lock-in program
- Opioid Preferred Drug List (PDL)
- Increased prior authorization and clinical criteria for controlled substances
- Implementation of State of TN/CDC chronic pain guidelines
- 7-day first fill requirement
- Top 100 Prescribers report card
- Statewide collaborative efforts including NAS subcabinet, Governor's Children's Cabinet, and buprenorphine treatment guidelines committee

TennCare Members w Diagnosis of Opioid Use Disorder



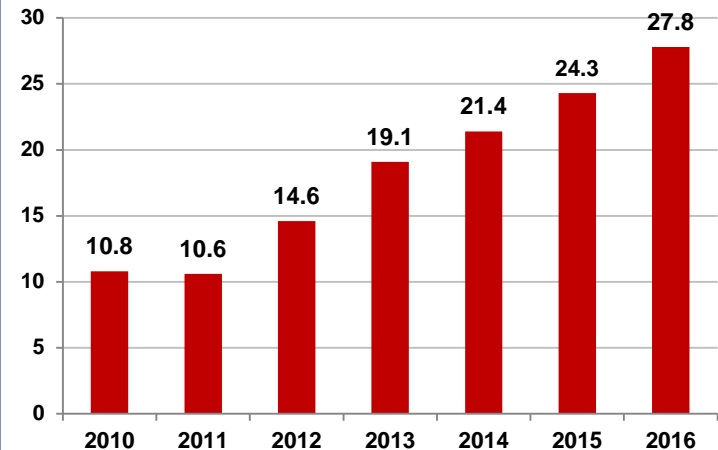
* Rate of Opioid Use Disorder per Thousand Members by CY

TennCare Members Using Opioids



*TennCare Paid Opioid Users Per Thousand Members by SFY

TennCare NAS Live Births



* Rate of NAS births per Thousand Live Births by CY

TennCare Priorities – Opioid Strategy

Primary Prevention

limit opioid exposure to prevent progression to chronic opioid use

Secondary Prevention

early detection and intervention to reduce impact of opioid misuse

Tertiary Prevention

support active recovery for severe opioid dependence and addiction

Non-Chronic and First Time Users of Opioids

- Improve access to non-opioid pain medication therapies
- Establish strict opioid day limits and dosage limits for non-chronic users
- Increased prior authorization requirements for all opioid refills

Women of Child Bearing Age & Provider Education

- Increase outreach to women of child bearing age chronically using opioids to provide education and treatment options
- Further remove barriers to access for VRLAC (IUD's and implants) for women
- Focused provider education on appropriate prescribing habits and tapering of chronic opioid use

Chronic Dependent and Addicted Users

- Define program standards to establish high-quality opioid use disorder treatment programs that includes both medication and behavioral health treatment
- Develop opioid use disorder treatment networks to ensure access for all members
- Lower TennCare-allowed maximum MED dosage for chronic opioid use
- Increase outreach to highest risk members to refer for treatment

FY 2019 Recommended Cost Increases

Cost Increases	State	Total
Medical Inflation and Utilization	\$51,384,100	\$150,501,100
Pharmacy	\$17,071,000	\$50,000,000
Health Insurer Fee Increase	\$11,130,100	\$32,599,400
Employment and Community First CHOICES	\$7,269,300	\$21,291,300
Eligibility Systems & Processes (Recurring)	\$14,998,000	\$44,441,000
MMIS Contract	\$10,934,700	\$56,025,600
TOTAL	\$112,787,200	\$354,858,400

Non-recurring Increases	State	Total
Eligibility Systems & Processes	\$21,709,200	\$121,550,100
Medication Therapy Management (MTM) Pilot	\$1,724,500	\$5,094,000
TOTAL	\$23,433,700	\$126,644,100



FY 2019 Recommended Reductions

Recurring Reductions	State	Total
Third Party Liability Recovery Process Changes	\$571,700	\$1,143,500
Waste Reduction in Growth Hormone Prescriptions	\$258,000	\$750,000
Enhanced Match for PBM IT Activities	\$4,450,000	\$0
Reduction of Medically Unnecessary Services at Pain Clinics	\$3,439,500	\$10,000,000
Payment and Delivery System Reform	\$2,407,600	\$7,000,000
Medicare Rates for Durable Medical Equipment	\$1,203,800	\$3,500,000
Medicare Part D Savings	\$10,000,000	\$10,000,000
Estate Recovery Recoupments	\$1,375,800	\$4,000,000
Elimination of Required Paper Handbooks for Enrollees	\$343,900	\$1,000,000

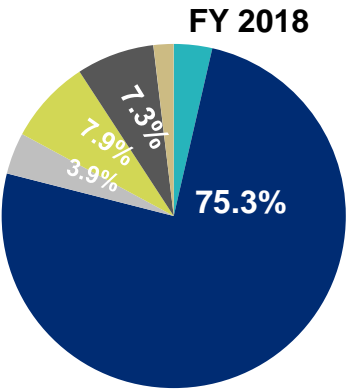
Recurring Reductions	State	Total
Opioid Limits	\$343,900	\$1,000,000
TOTAL	\$24,394,200	\$38,393,500

Non-recurring reductions	State	Total
CoverKids Federal Match	\$40,000,000	\$0
FMAP Rate Change	\$21,463,600	\$0
TOTAL	\$61,463,600	\$0

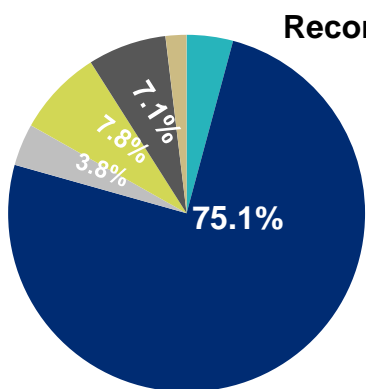
TennCare Budgets:



\$11.8 Billion
(federal and state)



- TennCare Administration
- TennCare Medical Services
- Supplemental Payments
- Intellectual Disabilities Services
- Medicare Services
- CoverKids/RX



Recommended FY 2019*

\$12 Billion
(federal and state)

*Figures include hospital enhanced coverage fee and nursing home assessment which total \$1.6 billion (\$546 million state) and proposed reductions and cost increases. Figures do not include cost increases or reductions from other state agencies funded by TennCare.



THANK YOU